

ASSEMBLY BILL

No. 2030

Introduced by Assembly Member Yamada

February 17, 2010

An act to add Article 2.2 (commencing with Section 1301) to Chapter 5 of Part 1 of Division 1 of the Unemployment Insurance Code, relating to unemployment insurance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2030, as introduced, Yamada. Unemployment: Self-Employment Assistance Program.

Existing law provides for the payment of unemployment compensation benefits during the period that a person is unemployed. Existing law imposes various requirements on the payments of benefits, including work search requirements. Existing law also establishes retraining programs for unemployed workers. Prior law, enacted in 1994 and repealed in 2005, established the Self-Employment Assistance Program for displaced workers.

This bill would reestablish the Self-Employment Assistance Program, to be administered by the Director of the Employment Development Department. The bill would provide for a weekly allowance for participants equal to regular unemployment benefits, subject to various limits, and would waive requirements relating to job search and self-employment, as specified. The bill would impose various eligibility requirements.

Since the benefits would be payable from the continuously appropriated Unemployment Fund, the bill would make an appropriation.

The self-employment program provisions of the bill would apply to weeks beginning after approval of the United States Department of Labor.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 2.2 (commencing with Section 1301) is added to Chapter 5 of Part 1 of Division 1 of the Unemployment Insurance Code, to read:

Article 2.2. Self Employment Assistance Program

1301. As used in this article:

(a) "Full-time basis" shall have the meaning contained in regulations prescribed by the director.

(b) "Regular benefits" means benefits payable to an individual under this part, including benefits payable to federal civilian employees and to ex-service members pursuant to Chapter 85 (commencing with Section 8501) of Title 5 of the United States Code, other than additional and extended benefits.

(c) "Self-employment assistance activities" means activities approved by the director in which an individual, identified through a worker profiling system as likely to exhaust regular benefits, participates for the purpose of establishing a business and becoming self-employed. These may include, but are not limited to, entrepreneurial training, business counseling, and technical assistance.

(d) "Self-employment assistance allowance" means an allowance payable in lieu of regular benefits and from the Unemployment Fund established under Section 1521 to an individual participating in self-employment assistance activities who meets the requirements of this article.

(e) "Self-Employment Assistance Program" means the program that enables an unemployed individual approved under this article to engage in self-employment activities on a full-time basis that will lead to establishing a business and becoming self-employed.

1302. The weekly allowance payable under this article to an individual shall be equal to the weekly benefit amount for regular

benefits otherwise payable under Article 2 (commencing with Section 1275). The sum of the allowance payable under this section and the regular benefits paid under this part with respect to any benefit year shall not exceed the maximum benefit amount as established by Section 1281 with respect to that benefit year.

1303. The allowance described in Section 1302 shall be payable to an individual at the same interval, on the same terms, and subject to the same conditions as regular benefits under this part, except as follows:

(a) The requirements relating to availability for work, active search for work, and refusal to accept work shall not apply to any week that the individual is in training or engaged in self-employment activities as approved by this article.

(b) Income earned by an individual while engaged in self-employment activities as approved under this article shall not be construed to be wages or compensation for personal services under this division, and benefits payable under this division shall not be denied or reduced because of those payments.

(c) An individual who fails to participate in self-employment assistance activities or who fails to actively engage on a full-time basis in activities, which may include training, relating to the establishment of a business and becoming self-employed shall be disqualified for the week the failure occurs.

1304. An individual is eligible to participate in the Self-Employment Assistance Program if he or she meets all of the following conditions:

(a) Is eligible to receive regular unemployment compensation under state law.

(b) Has been identified pursuant to an automated profiling system as likely to exhaust regular unemployment compensation.

(c) Has been approved for participation in the Self-Employment Assistance Program by the director.

(d) Participates in entrepreneurial training, business counseling, and technical assistance as required by the director.

(e) Is engaged on a full-time basis in activities related to establishing a business and becoming self-employed.

1305. The aggregate number of individuals receiving the allowance under this article at any time shall not exceed 5 percent of the number of individuals receiving regular benefits. The director

1 shall, through regulations, prescribe those actions necessary to
2 ensure the requirements of this section are met.

3 1306. Self-employment assistance allowances paid under this
4 section shall be charged to employers as provided under provisions
5 of this part relating to the charging of regular benefits. Costs of
6 administering the self-employment assistance allowances are
7 payable from grants received by the department for the
8 administration of California's unemployment insurance law under
9 Title III of the federal Social Security Act. Costs of providing
10 self-employment assistance activities, such as business training,
11 business counseling, and technical assistance are payable from
12 federal Job Training Partnership Act funds and other federal grants.

13 1307. An individual is prohibited from participating in the
14 Self-Employment Assistance Program if his or her prior employer
15 is the primary user of the new business services. No employer shall
16 coerce an employee into participating in the Self-Employment
17 Assistance Program.

18 1308. The provisions of this article shall apply to weeks
19 beginning after the effective date of this article or weeks beginning
20 after any plan required by the United States Department of Labor
21 is approved by the United States Department of Labor, whichever
22 date is later. Immediately upon enactment of this article, the
23 director shall develop such a plan and seek approval from the
24 United States Department of Labor.